

PARTNERSHIP FOR TRANSPARENCY FUND INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

To the Board of Directors
Partnership for Transparency Fund Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of Partnership for Transparency Fund Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for Transparency Fund Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partnership for Transparency Fund Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership for Transparency Fund Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Partnership for Transparency Fund Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership for Transparency Fund Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Washington, DC
July 16, 2024

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents, and Restricted Cash:		
Cash and cash equivalents	\$ 493,718	\$ 475,062
Restricted cash	144,789	317,529
Total Cash and Cash Equivalents, and Restricted Cash	638,507	792,591
Contributions receivable	54,419	61,576
Grants receivable	135,975	-
Prepaid expenses	6,136	8,004
Employee advances	-	4,162
Total Current Assets	835,037	866,333
TOTAL ASSETS	\$ 835,037	\$ 866,333
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 70,298	60,363
Grants payable	28,000	66,000
Deferred revenue	25,786	118,169
Total Liabilities	124,084	244,532
NET ASSETS		
Without donor restrictions	639,109	621,801
With donor restrictions	71,844	-
Total Net Assets	710,953	621,801
TOTAL LIABILITIES AND NET ASSETS	\$ 835,037	\$ 866,333

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Contributions	\$ 227,253	\$ 100,000	\$ 327,253	\$ 282,396
Conditional grants	567,398	-	567,398	574,615
Contracts revenue	59,018	-	59,018	122,000
Interest income	11,205	-	11,205	1,305
Employee retention credit	95,395	-	95,395	-
Net assets released from restrictions	28,156	(28,156)	-	-
Total Revenue and Support	<u>988,425</u>	<u>71,844</u>	<u>1,060,269</u>	<u>980,316</u>
EXPENSES				
Programs	759,040	-	759,040	785,445
Support Services:				
Management and general	201,077	-	201,077	173,318
Fundraising	12,338	-	12,338	23,415
Total Support Services	<u>213,415</u>	<u>-</u>	<u>213,415</u>	<u>196,733</u>
Total Expenses	<u>972,455</u>	<u>-</u>	<u>972,455</u>	<u>982,178</u>
CHANGE IN NET ASSETS FROM OPERATIONS	15,970	71,844	87,814	(1,862)
OTHER CHANGES IN NET ASSETS				
Gain on foreign currency exchange	1,338	-	1,338	5,968
CHANGE IN NET ASSETS	<u>17,308</u>	<u>71,844</u>	<u>89,152</u>	<u>4,106</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Beginning of year	621,801	-	621,801	617,695
End of year	<u>\$ 639,109</u>	<u>\$ 71,844</u>	<u>\$ 710,953</u>	<u>\$ 621,801</u>

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Program Service</u>	<u>Support Services</u>			<u>Total Expenses</u>
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
Personnel Costs:					
Salaries	\$ 59,031	\$ 77,783	\$ 4,992	\$ 82,775	\$ 141,806
Payroll taxes	4,973	6,552	421	6,973	11,946
Employee benefits	5,272	6,946	446	7,392	12,664
Total Personnel Costs	<u>69,276</u>	<u>91,281</u>	<u>5,859</u>	<u>97,140</u>	<u>166,416</u>
Accounting and audit	-	18,965	-	18,965	18,965
Bank fees	-	6,050	-	6,050	6,050
Consultants	197,793	25,490	3,000	28,490	226,283
Dues and subscriptions	-	1,793	-	1,793	1,793
Grant expenses	463,881	-	-	-	463,881
Insurance	-	12,509	-	12,509	12,509
Meetings - catering	-	719	-	719	719
Occupancy	-	17,283	-	17,283	17,283
Payroll fees	-	10,089	-	10,089	10,089
Postage	-	317	-	317	317
Printing	-	47	-	47	47
Supplies	840	6,337	-	6,337	7,177
Telephone	1,800	1,626	-	1,626	3,426
Travel	25,450	4,153	3,479	7,632	33,082
Website	-	4,418	-	4,418	4,418
Total Expenses	<u>\$ 759,040</u>	<u>\$ 201,077</u>	<u>\$ 12,338</u>	<u>\$ 213,415</u>	<u>\$ 972,455</u>

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Service	Support Services			Total Expenses
	Programs	Management and General	Fundraising	Total Support Services	
Personnel Costs:					
Salaries	\$ 52,647	\$ 86,741	\$ 3,814	\$ 90,555	\$ 143,202
Payroll taxes	4,609	7,594	333	7,927	12,536
Employee benefits	4,723	7,779	343	8,122	12,845
Total Personnel Costs	61,979	102,114	4,490	106,604	168,583
Accounting and audit	-	13,184	-	13,184	13,184
Bank fees	38	4,857	-	4,857	4,895
Consultants	214,185	3,360	5,425	8,785	222,970
Dues and subscriptions	-	2,993	-	2,993	2,993
Grant expenses	459,976	-	-	-	459,976
Insurance	-	12,602	-	12,602	12,602
Legal fees	-	1,050	-	1,050	1,050
Management fees	-	4,406	-	4,406	4,406
Meetings - catering	-	2,775	-	2,775	2,775
Occupancy	-	15,558	-	15,558	15,558
Payroll fees	-	2,186	-	2,186	2,186
Postage	-	407	-	407	407
Printing	414	-	-	-	414
Supplies	840	3,597	-	3,597	4,437
Telephone	1,800	882	-	882	2,682
Travel	46,213	2,297	13,500	15,797	62,010
Website	-	1,050	-	1,050	1,050
Total Expenses	\$ 785,445	\$ 173,318	\$ 23,415	\$ 196,733	\$ 982,178

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 89,152	\$ 4,106
Adjustments to reconcile changes in net assets to net cash used for operating activities		
Decrease (increase) in assets:		
Contributions receivable	7,157	33,075
Conditional grants receivable	(135,975)	-
Contracts receivable	-	17,250
Prepaid expenses	1,868	37
Employee advances	4,162	(4,162)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	9,935	7,921
Grants payable	(38,000)	(82,447)
Deferred revenue	(92,383)	4,387
Net Cash Used for Operating Activities	(154,084)	(19,833)
 NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	 (154,084)	 (19,833)
 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	 792,591	 812,424
 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	 \$ 638,507	 \$ 792,591

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - NATURE OF ORGANIZATION

Partnership for Transparency Fund Inc. (the “Fund”) is a non-profit organization that was incorporated in the state of New York and is located in Washington, D.C. The Fund is organized exclusively for charitable and educational purposes, including the purpose of educating the public and advocating an independent and effective role for civil society in the design, implementation, and monitoring of anti-corruption programs in developing countries. The Fund is supported primarily by the World Bank Community Connections Campaign, grants, and individual contributions. The Fund accomplishes its mission with programs that advance innovative citizen-led approaches to improve governance, increase transparency, promote the rule of law, and reduce corruption in developing and emerging countries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Fund and/or the passage of time or that must be maintained in perpetuity by the Fund. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Fund considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Fund maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, the accounts may exceed this limit. However, the Fund has not experienced any losses in such accounts and management believes the Fund is not exposed to any significant credit risk on cash and cash equivalents.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted Cash

Donor restricted cash represents funds held for the Malawi project, which is also insured by the FDIC up to \$250,000. Management believes that restricted cash is not exposed to any significant credit risk. As of December 31, 2023 and 2022, restricted cash totaled \$144,789 and \$317,529, respectively.

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection experience, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluations and specific circumstances of the parties involved. As of December 31, 2023 and 2022, management has determined that all significant receivables are collectible within one year; and therefore, an allowance for doubtful accounts was not established.

Revenue Recognition

Grants and Contributions

The Fund recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions.

Contracts Revenue

Contracts revenue is recognized over time by allocating the fees to the related performance obligations and recognizing the related revenue as these obligations are accomplished. Revenue received for programs that relate to subsequent years is reflected as deferred revenue. Deferred revenue as of the beginning of the year ended December 31, 2022, totaled \$113,782.

Employee Retention Tax Credit

As part of the Coronavirus Aid, Relief and Economic Security Act, during 2023, the Fund received an Employee Retention Tax Credit ("ERTC"), which was recognized as revenue on the statements of activities.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include travel, telephone, supplies, and consultants which are allocated based on salaries and related costs, and on the basis of estimates of time and effort expended.

Foreign Currency Translation

The U.S. dollar is the functional currency used in the preparation of the annual financial statements for the Fund. All assets and liabilities reported in foreign currencies at year-end have been translated to U.S. dollars using the exchange rate in effect at year-end.

NOTE C - INCOME TAXES

The Fund is a 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, except on unrelated business income. The Fund is not considered a private foundation. No provision for income taxes has been made in the accompanying financial statements.

The Fund believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that needed to be recorded.

The Fund's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Fund's information returns for the years 2020 through 2022 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE D - AVAILABLE RESOURCES AND LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents and contributions receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing activities for educating the public and advocating an independent and effective role for civil society in the design, implementation, and monitoring of anti-corruption programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund anticipates receiving additional contracts and contributions that will sufficiently cover its operating expenditures over a 12-month period.

The following reflects the Fund's financial assets available within one year of the statement of financial position date for general expenditures as of December 31:

	2023	2022
Cash and cash equivalents	\$ 493,718	\$ 475,062
Contributions receivable	54,419	-
Grants receivable	135,975	61,576
Total Financial Assets	684,112	536,638
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	\$ 684,112	\$ 536,638

NOTE E - DONATED SERVICES

The Fund receives a significant amount of donated time from volunteers in support of its management, programs, and operations. The time donated has not been recorded in the accompanying financial statements because these services do not meet the criteria for recognition as contributed services. However, the Fund estimates the value of these services to be approximately \$1,500,000 and \$2,000,000 for the years ended December 31, 2023 and 2022, respectively.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE F - CONDITIONAL GRANTS

The Fund received conditional grants beginning in 2020, totaling \$2,485,579, of which \$1,722,576 had been recognized as revenue through December 31, 2023, upon satisfying the conditions, and \$25,786 was recorded as deferred revenue as of December 31, 2023. The remaining conditional promises to give of \$737,217, are expected to be fulfilled by 2025.

NOTE G - CONCENTRATIONS

During 2023 and 2022, the Fund received 69% and 84%, respectively, of its revenue and support from three donors. A significant reduction in this level of support, if it were to occur, could have a major impact on the Fund's programs and activities. However, management of the Fund does not consider this a significant risk in the near term.

NOTE H - WORKSTATION SPACE

Annually, the Fund signs a one-year license agreement for workstation space in Washington, D.C. The last amended agreement expired on March 31, 2021, and was renewed through March 31, 2024.

In March 2024, the lease was extended for additional 38 months starting April 1, 2024 through May 31, 2027. Monthly payments required under the extended agreement is \$669. This agreement will continue on a month-to-month basis until either party gives a 90 day written notice of termination.

The minimum lease payments are as follows for the years ending December 31:

2024	\$ 9,939
2025	8,028
2026	8,028
2027	3,345
Total	<u>\$ 29,340</u>

For the years ended December 31, 2023 and 2022, rent expense totaled \$17,283 and \$15,558, respectively.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions totaled \$71,844 and \$0, respectively, was restricted for supporting transparency and quality in international finance.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE J - RELATED PARTY TRANSACTIONS

Two voting members of the Board of Directors provided consulting services to the Fund and were reimbursed a total of \$30,500 and \$21,000 for their services for the years ended December 31, 2023 and 2022, respectively.

NOTE K - SUBSEQUENT EVENTS

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through July 16, 2024, the date the financial statements were available to be issued. Except as note in Note H, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.